

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY)	
GAS DIVISION RATE REQUEST)	D.T.E. 02-24
)	

**PETITION FOR APPROVAL OF
GAS DIVISION TARIFFS**

NOW COMES Fitchburg Gas and Electric Light Company ("FG&E"), and pursuant to G.L. c. 164, § 94 and 220 C.M.R. 5.00 et seq. respectfully requests that the Department of Telecommunications and Energy ("Department") approve the tariffs filed this date for FG&E's Gas Division ("Gas Division"). In support thereof, FG&E states as follows:

1. FG&E was incorporated in the Commonwealth in 1852 as a gas company and is subject to the jurisdiction of the Department under G.L. c. 164.
2. The Gas Division serves approximately 15,000 customers in the communities of Fitchburg, Townsend, Lunenburg, Ashby, Westminster and Gardner.
3. FG&E's last gas base rate proceeding was based on a 1997 test year. At that time, FG&E was granted an increase of 6.03%.
4. Since 1997, FG&E's net investment in the Gas Division as measured by rate base shows an increase of 50%. These investments were necessary to ensure safety and reliability of the gas distribution system. Based on a test year 2001, FG&E's gas rate levels are not sufficient to permit FG&E the opportunity to recover the cost of serving its customers and do not provide

FG&E a reasonable opportunity to earn its authorized rate of return. In 2001, the Gas Division recorded a net loss.

5. In addition, FG&E has restructured its gas operations to accommodate the unbundling of gas services and offer customer choice and supplier access to its gas distribution system and customers. These changes have required new investments by FG&E.

6. On April 16, 2002, pursuant to the Department's order in D.T.E. 99-84, the Gas Division filed its Performance Based Regulation Plan ("PBR Plan"). Major components of the PBR Plan include the implementation of service quality standards and rate mechanisms that impose penalties if FG&E's service quality falters. If approved, the PBR Plan will have a price cap and a term of ten years. It is important that the Gas Division's rates be set at the start of the PBR Plan to a level that is just and reasonable and that will permit FG&E the opportunity to earn its allowed return.

7. In addition to this petition and the proposed rate schedules, FG&E is providing expert testimony in support of its Rate Request for the Gas Division.

8. The Testimony and Schedules of Mark H. Collin (Volume I, Exh. FGE-MHC - 1 through Exh. FGE-MHC - 7) support and justify the requested total revenue requirement for the Gas Division.

9. The Testimony and Schedules of James L. Harrison (Volume III, Exh. FGE-JLH - 1) support the fully Allocated Cost of Service Study and the Marginal Cost of Service Study which are used to design base gas rates for each rate class.

10. The Testimony and Schedules of Dr. Samuel C. Hadaway (Volume II, Exh. FGE-SCH - 1) support and justify the proposed allowed return on equity for the Gas Division.

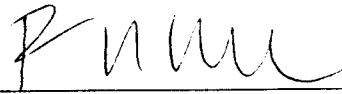
11. The Testimony and Schedules of James H. Aikman (Volume II, Exh. FGE-JHA - 1) support and justify the Depreciation Study that is used to establish the appropriate depreciation expense used in the determination of the Gas Division's cost of service.

12. The Testimony and Schedules of Karen M. Asbury (Volume I, Exh. FGE-KMA- 1) support the Gas Division tariffs, rate design and rate impact analysis.

13. FG&E has presented these tariffs in compliance with the Department's rules and regulations and ratesetting precedent.

WHEREFORE, for all the reasons set forth, Fitchburg Gas and Electric Light Company respectfully requests that the Department of Telecommunications and Energy approve its Gas Division tariffs and accompanying Rate Request.

Respectfully submitted,



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